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WEEKLY SUMMARY

Special Report

Venezuela's President Caldera - A Year of Frustration

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VENEZUELA'S PRESIDENT CALDERA—A YEAR OF FRUSTRATION

Rafael Caldera, Venezuela's first Social Christian president, is entering the second year of his five-year term having achieved little more than mere survival. Hobbled from the start by a hostile opposition majority in Congress, beset with persistent labor and student strife, and plagued by a sluggish economy, he waged what amounted to a holding action. He has been guided by pragmatism rather than by the vague and conflicting ideology of his party. His early blunders in supporting labor's excessive demands were somewhat counteracted by a tough stand toward labor at the end of the year. He has followed established foreign policy lines in attempting to gain access to the vital US market for Venezuelan oil and in promoting diplomatic links with European Communist nations, while at the same time walking the Essequibo tightrope: pushing Venezuela's claims to more than half of Guyana's territory by all means short of overt military actions.

Thanks partly to his year's experience and partly to a recent working arrangement with the major opposition party of former president Leoni, Caldera's prospects are somewhat brighter than during the first year. He will have to overcome serious foreign and domestic problems, however, if he is to silence the voices of military discontent that pose a persistent threat to his government.

INTRODUCTION

On 12 December 1968, the day after he was officially proclaimed the winner of Venezuela's presidential election, Rafael Caldera Rodriguez paid courtesy calls at the homes of the three defeated candidates. He followed up these calls quickly with consultations and meetings with a variety of political, labor, and business leaders. Caldera then went out of his way to visit the military high command at the Ministry of Defense, to thank the military for their conduct during the elections, and to say that he was sure the military would always be firm supporters of democratic institutions.

His vigorous activity and the stress he laid on harmony, conciliation, unity, and the need to get on with the job of running the country were consistent with the personality Caldera has displayed during his long participation in public life. Beyond this, they reflect his appreciation of Venezuelan political realities. Caldera won the presidency with less than 30 percent of the votes and with less than one percentage point more than his nearest rival. In addition, it was the first time in Venezuelan history that a freely elected government had turned power over to the opposition.

In addition to lacking a clear mandate, Caldera had to contend with a Congress dominated by the outgoing Democratic Action (AD) party and with a burden of debts piled up by the former administration. He also had to face a long-standing insurgency and the perennial

student problem. Moreover, he was forced to develop his policies under the watchful and suspicious eyes of the military establishment.

The President's own political vehicle, the Social Christian party (COPEI), is a well-organized political machine. Its ideology, however, ranges from the strident radicalism of the youth wing to the practical moderation in the party's governing councils. Its electoral program necessarily was framed in vague terms and was distinguishable more in tone than in content from the AD's well-established lines of moderate democratic reform. COPEI offered some dramatic targets, such as the building of 100,000 housing units a year, but it primarily exploited the voters' fatigue with the entrenched ways of the old government by stressing the need for honesty, efficiency, and, above all, *cambio* (change).

POLITICS AS USUAL

Caldera's position as a minority president called for caution on his part, and the position of his party in Congress suggested that it would be necessary for the new government to limit its policy initiatives. His party held only 31 percent of the seats in the senate and 27 percent in the chamber of deputies, whereas the AD held a plurality in both houses. Moreover, the nine parties represented in Congress made for a diversity of forces and conflicting interests. The formation of a coalition to support government legislation would have been difficult in such circumstances, and Caldera decided to go it alone. He announced shortly after the elections that his government would eschew formal political alliances and instead would negotiate ad hoc arrangements with the opposition depending upon the legislation under consideration.

This policy of aloofness had its first test when Congress opened in March. A coalition was hammered together for the election of congressional officers, but the election took place only after four days of frantic politicking and bitter wrangling, with COPEI's candidate emerging as president. The coalition immediately ran into trouble, however, when other parties boycotted Congress, and nearly two months passed before any further business was transacted.

COPEI met a further congressional rebuff in July when the party's request for borrowing authority to cover government debt obligations was defeated. The opposition backed a counterproposal that drastically cut the administration's original request. This bill and a judicial reform bill aimed at limiting the President's power to make patronage appointments were passed before Congress adjourned for a three-month recess.

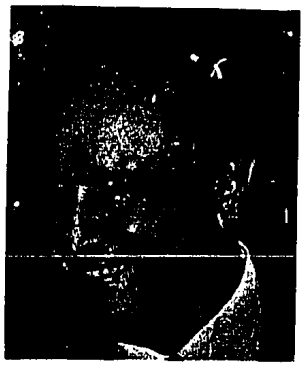
The second meeting of Congress, from October to December, was no more successful for the government. The only significant piece of legislation, the budget, was passed 20 days after Congress had been scheduled to adjourn. At that, it had been shorn of any items in which COPEI had a particular political interest. Thus, the first congressional session ended without the enactment into law of any important part of the COPEI program. The executive and legislative branches of government were stalemated. Caldera realized that this situation could not be allowed to

1919: date of birth
Early 1930s: student leader against Gomez dictatorship
Later 1930s: wrote Venezuela's first labor code
1941 to 1945: served in Congress
1945-46: Attorney General
1946: founded COPEI
1948-58: opposed Perez Jimenez dictatorship
1958: ran for president, coming in third
1963: again ran for president and again lost
1968: elected president

Caldera is widely respected for his honesty and for his courage in opposing dictatorship and extremism, as well as for his intellectual ability.

His advocacy of Christian Democratic principles is tempered by his objectivity and realism.

President Rafael Caldera Rodriguez



continue, as there was increasing concern that the impasse threatened the political, economic, and institutional stability of the country.

As 1970 began, COPEI and AD worked out an agreement for limited cooperation. The two parties announced that they had reached an agreement for organizing the 1970 session of Congress. In private it was admitted that they had also agreed to collaborate on specific items of legislation of basic national importance and of interest to both parties. Both sides stressed, however, that their informal agreement was not a binding pact. AD believes that a formal pact would be so unpalatable as to split the party, and it has no desire to be tainted with the government's failures. COPEI does not wish to share the power of governing or to weaken its ideological position. In spite of these hindrances to effective cooperation, both parties apparently believed that some sort of agreement was necessary to maintain stability. If the two parties can reach agreement on specific items of legislation, particularly on public works programs, the 1970 session of Congress will probably be more productive than was that of 1969.

STUDENTS AND LABOR

Almost simultaneously with Caldera's inauguration, a new force emerged on Venezuelan campuses. Student unrest was led by anarchists and independents rather than by the traditional student leaders affiliated with political parties. The most militant of the traditional leaders have been the leftists, who have used the universities as headquarters for armed rebellion against the government.

The new activists, although exhibiting a strong Marxist cast, showed no interest in traditional politics. Instead, they directed their efforts against the universities in a vague movement for "academic renovation." They resorted to widespread violence in support of such demands as abolition of entrance examinations, new school buildings and facilities, and reformed curricula.

The traditional leaders, reacting to the threat to their control over student affairs, struck back by attempting to seize control of the movement. The result was that throughout 1969 universities across the nation were scenes of demonstrations, clashes between students and authorities, clashes between contending student factions, student strikes, and outright closings. The tumult was accompanied by considerable shedding of student blood at the hands of both fellow students and of government authorities.

Late in October, following four days of violence that included intermittent sniping and the burning of vehicles, army troops occupied Central University in Caracas. Since then there has been no serious student disorder. Nevertheless, student grievances remain. Charges of government repression, and, in particular, of abuse and even murder by security agencies remain a live issue. Government inattention to the academic renovation movement can be expected eventually to result in a renewal of the demands. In addition, proposals for a university reform law, that would strip students of some of their privileges are pending. When these proposals are presented to Congress, student reaction can be expected, making further disorders likely.

President Caldera was also plagued during his first year in office by difficulties posed by Venezuela's powerful and highly politicized labor movement, although this caused him less trouble than the student problem.

The government early set about wooing labor by showing partiality to labor groups as opposed to management. Labor leaders pressed their advantage, and by July labor strife was

Venezuelan Guerrilla Group

becoming common. In some instances the government upheld strikes that were clearly illegal. Twice, for example, unions were able to obtain significant benefits by striking in disregard of valid collective agreements. This trend culminated in the first teachers' strike in Venezuelan history. Once more the government gave way, and the teachers gained virtually all their demands, including a salary increase of 45 percent.

The increasing boldness of labor had an adverse effect on the business community. The unruliness of labor, coinciding with that of the students and the stalemate in Congress, prompted one executive to remark, "We do not have a government," and other responsible observers foresaw increased labor conflict.

This prediction was borne out in early December when workers at the government-owned steel mill in eastern Venezuela went on a wildcat strike. The strike for the first time presented a clear-cut challenge to governmental authority, and Caldera could not afford to appear weak. He stated that the government would stand firm against "irresponsible" strikes, and he arrested several labor leaders and sent troops into the area. The strike was soon settled, but on terms that, once again, were costly to the government.

Although the government's show of strength in the steel strike may have had some deterrent effect on labor leaders, the contract signed in February between the oil companies and the petroleum workers granted such favorable terms to the workers that the government's initial firmness may have been nullified.

INSURGENCY

In his inaugural address President Caldera invited insurgents to abandon the armed struggle and rejoin the Venezuelan community. So low

had the guerrilla movement fallen since its 1963-64 heyday that Caldera could be confident the guerrillas no longer posed a threat and that an appeal to them might be effective.

A dissident group of the armed wing of the Venezuelan Communist Party (PCV), the Armed Forces of National Liberation (FALN) under the leadership of Douglas Bravo, broke off from the PCV in 1966 after the PCV had virtually abandoned guerrilla warfare. Independently, guerrillas of the Movement of the Revolutionary Left (MIR) also continued in the field. During the later years of AD administration, the effectiveness of these two groups continued to decline.

Caldera legalized the PCV as one of the first steps in his pacification campaign. In addition to removing one Communist group from all ties with insurgency, the step was designed to have a divisive effect on other extremist opposition groups. The government then announced that guerrillas who abandoned their arms would receive amnesty, and it began talks, through intermediaries, with the insurgent groups. The pacification program, however, has not been successful in ending insurgency or in inducing significant numbers of guerrillas to surrender, although it may have had some divisive effect among the guerrillas.

Still, insurgency continued to decline during Caldera's first year in office. Sporadic attacks continued and several military officers and enlisted men lost their lives in ambushes, but no significant urban terrorism took place, and the guerrillas were unable to mount any sustained campaigns. The continuing decline was probably the result of a lack of foreign support, a lack of popular support, a lack of visible progress or success, and of squabbling over ideology and strategy. Possibly 60 guerrillas remain active in Bravo's FALN and 40 in the MIR, probably slightly fewer than when Caldera took office.

The legal activities of the PCV have not prospered either. The PCV is outflanked on the left by a number of semilegal groups and by the guerrillas, and on the right by the democratic parties. The party is deeply divided among an old guard principally preoccupied with loyalty to Soviet orthodoxy and a group of rebels who want to make the PCV a national party free of foreign ties.

Despite the low state of insurgency and of the Communist movement in Venezuela, the Marxists maintain a limited potential for trouble-making, especially by exerting pressure on the government through attacks on military units.

THE MILITARY

The military are President Caldera's kibitzers, always looking over his shoulder, ever ready to take his seat if he does not protect their interests. Although the military have not intervened directly in the government since 1958, the existence of a strong military establishment with a long history of intervention in government poses a potential threat to the continued development of civilian government. Since Caldera took power, there have been numerous reports of military discontent but no evidence of the meddling in government activities that took place throughout the AD's tenure in office.

The military have found much to complain about. The legalization of the Communist Party and the pacification program have been unpleasant for them. Military units that have continued to suffer casualties at the hands of die-hard guerrillas have been especially resentful. The lack of promotions, the lack of a pay raise in spite of inflationary pressures, pay raises granted to labor unions, and a sharp cutback in military expenditures have added to the military's discontent.

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Military discontent reached a peak in October as a result of labor strikes, increasingly violent student demonstrations, a sluggish economy, and the stalemate in Congress. Government occupation of two of the most troublesome universities and the settling of labor disputes eased but did not remove the problem. Caldera further attempted to moliify the military by visiting several military facilities in the Caracas area over the Christmas holidays and by promoting 16 colonels to general.

Nevertheless, in January the Ministry of Defense was sufficiently concerned to circulate a message ordering officers on military duty to abstain from participation in political matters.

THE ECONOMY

The Venezuelan economy remains basically strong, and the slowness of its growth in 1969 was probably largely the result of business uncertainty over the political situation.

The rate of economic growth in 1969 slipped to four percent or less, as compared with an annual average of five percent in the previous five years. In addition to business caution, the slow growth rate can be attributed in part to a reduced level of government expenditures on major investment projects because of the large public debts incurred under the AD government and because of Caldera's budget difficulties with Congress.

In coming months the performance of the economy is expected to be especially sensitive to political developme . . If the AD-COPEI understanding produces legislative cooperation on matters such as a public works program, the business community will probably proceed with its investment plans, thus contributing to an increase in the rate of economic growth. Conversely, continued stalemate in congress or a renewal of student or labor strife will probably result in continuing sluggishness of the economy.

Oil output, of decisive importance to the economy, was slightly lower in 1969 than in 1968. Of greater concern to Venezuela than this drop, however, is the question of the US oil import policy. The government of Venezuela aspires to an assured position for its oil in the US market and to a share in the increase in US demand for fuels. Venezuela's anxiety concerning its prospects in the US oil market has been eased considerably as a result of conversations in Washington between US and Venezuelan officials and of the import quota imposed by the US on Canadian oil.

FOREIGN RELATIONS

Caldera's foreign policies have reflected broad national interests rather than ideological interests or personal style. They have differed only slightly from those of his predecessors. He stresses a line of "independence," by which he means negotiating with the US as an equal, preferably in a bloc with other Latin American nations.

The overriding importance of oil has inevitably cast Caldera's policies in the mold formed by the Betancourt and Leoni administrations. Defense of Venezuela's position in the US oil market was sharpened for Caldera, however, by the review of the oil import policy of the US initiated

by President Nixon. In late 1969 and early 1970 his government made urgent representations, Caldera himself pleading Venezuela's case to US officials on several occasions. Favorable treatment accorded a commission sent to Washington in February and President Nixon's favorable statements on Venezuelan oil have greatly eased Venezuelan concern for the time being.

Caldera also continued negotiations begun by the AD administration for the re-establishment of diplomatic relations with the Soviet Union. His government has proceeded realistically and without haste with these negotiations for more than a year, and relations now seem on the verge of being re-established. Caldera is aware of the dangers of a large Soviet presence in Venezuela and has insisted on limiting it within the framework of a formal agreement.

Caldera has not changed the previous administration's policy toward Cuba, although relations have not been as acerbic as during the AD period. Venezuela continues to express the hope that Cuba can be reincorporated into the inter-American system, but it insists that this can be done only within the framework of the Organization of American States and only after Cuba has stopped intervening in the internal affairs of other Latin American countries.

Caldera's most sensitive foreign relations issue has stemmed from Venezuela's claim to the Essequibo region of Guyana. In 1962 Venezuela reasserted its claim to this region, alleging that the award of the territory to Great Britain in 1899 by an international tribunal was invalid because of evidence of fraud that later came to light. In 1966 Venezuela and Great Britain, acting on behalf of Guyana, which became independent that year, agreed to meet regularly for four years. If at the end of that time there had been no agreement, the disputants would have three months to find a solution in other ways. Failing that, the case would be referred to the United Nations Secretary General.

After four years of fruitless discussions, the Mixed Border Commission expired last month with an agreement to delay submission of its report for three months to allow a period of direct negotiations between Venezuela and Guyana. The first meeting under this agreement was held on 10 March, but apparently little, if any, substantive progress was made.

Venezuela has done more than talk to assert its claim to the Essequibo. At the close of the AD administration, Venezuela engineered an uprising in the region. According to plan, Venezuela was to heed the call of the native rebels for assistance. When the United States became aware of the plan and exerted diplomatic pressure on Venezuela, the uprising failed because of the withdrawal of Venezuelan support.

Venezuela did not lose interest in the Essequibo, however. With President Caldera's blessing, the military have been active along the border. A road has been built paralleling much of the frontier, and since late 1969 a substantial troop build-up has taken place. On several occasions shots have been exchanged between Venezuelan and Guyanese frontier troops. 25X1

[redacted] Amerindians who have crossed the frontier from Guyana into Venezuela. It is not clear whether these people are legitimate refugees simply being cared for by the Venezuelans or are being enticed to cross the border. Nor is it known what Venezuela intends to do with them. At the least, they could be a propaganda weapon against Guyana. At worst, they could serve as recruits for

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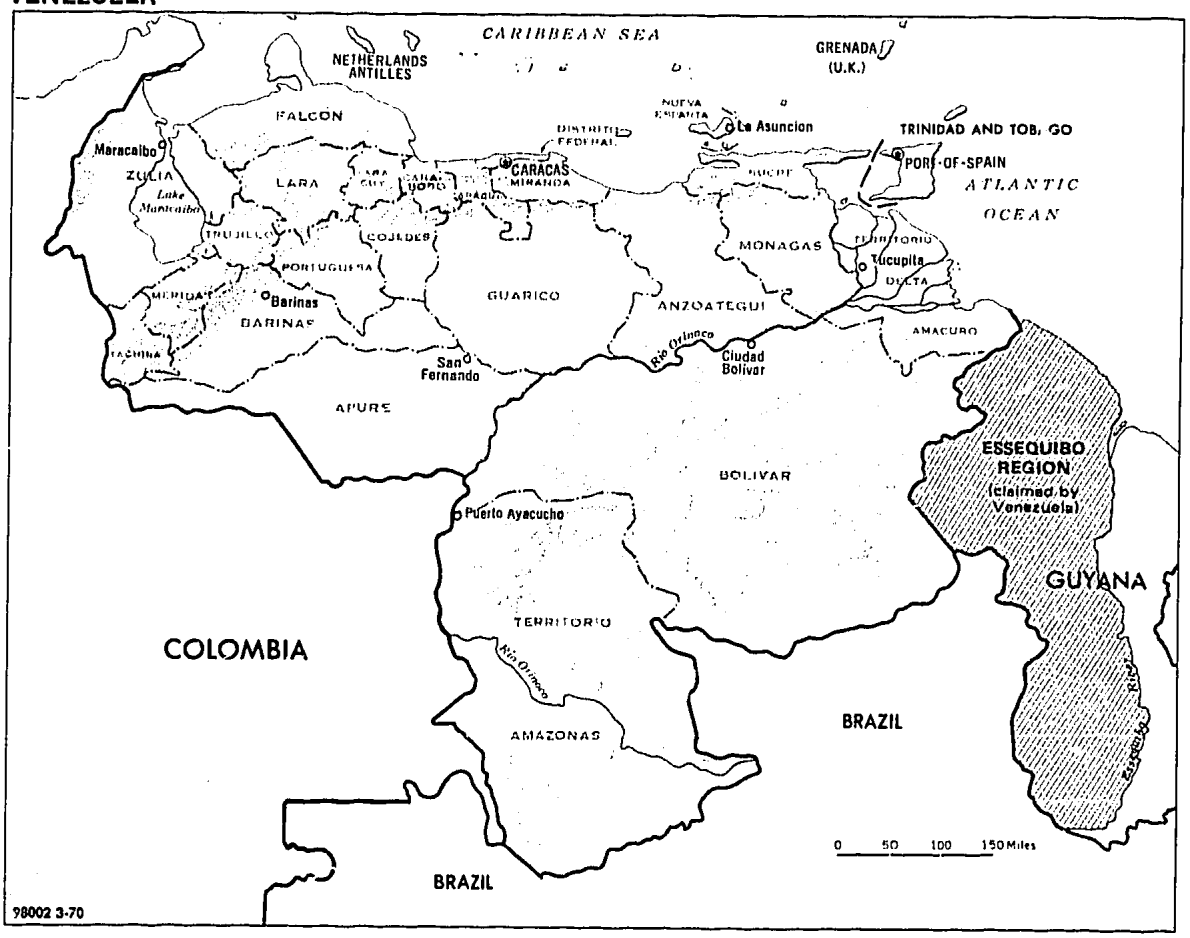

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another "native uprising" or for support elements in a Venezuelan invasion of the Essequibo.

The Venezuelan force on the frontier is probably adequate to occupy key points in the Essequibo region. There is no indication, however, that an invasion is imminent. President Caldera probably prefers an aggressive but peaceful program of long-range penetration of the region. Joint Venezuelan-Guyanese economic development of the region would be the essential element in his program. There are, however, hawkish elements, both civilian and military, who have been pressing hard for a quicker, more direct solution. If the direct negotiations now under way with Guyana do not progress in favor of Venezuela, Caldera may be forced to yield to the hawks. This is the single issue most susceptible of arousing nationalist emotion that could trigger a coup.

OUTLOOK

Perhaps President Caldera's greatest achievement is having remained in office a full year. He has not brought about the *cambio* that was his electoral promise. His pacification program has not met with convincing success. His attempt to woo labor was nearly disastrous. Economic growth has not accelerated, and virtually none of his legislative program has been passed by Congress.

Yet, all is not dark. Caldera's foreign policy has been moderately successful, and the machinery of government has been unspectacularly but substantially reformed. The agreement with AD should make possible the passage of at least a part of Caldera's legislative program, although compromise will undoubtedly weaken much of it. If the coming session of Congress is indeed productive and if the country is not faced with serious student or labor problems, it is likely that the tempo of economic activity will improve. In these circumstances, the justification for a military coup will disappear. If, at the same time, Caldera is able to show substantial progress on the Guyana problem, either through diplomatic or military means, his stock will rise with the military and with the country as a whole.

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